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E.O. 12958: DECL: 11/29/2027

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SUBJECT: SARKOZYING UP TO THE CHINESE: FRENCH PRESIDENT'S
NOVEMBER 25-27 VISIT TO CHINA

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

Summary

11. (C) French President Sarkozy stressed China's and France's "shared vision" during a successful November 25-27 visit to China, French DCM Chapuis briefed Beijing-based diplomats November 28. The visit reaped over 20 billion euros of contracts for French firms, but focused on political issues. Sarkozy thanked China for its helpful role on Darfur and on Burma, while pushing China to do more to push the Burmese government toward true dialogue with the opposition. Sarkozy publicly criticized Taiwan's referendum on joining the UN. He and French Justice Minister Dati pressed lightly on human rights. Sarkozy made climate change a major theme of the visit, signing a joint declaration with President Hu and giving a speech at a Beijing university on the topic. Sarkozy pressed for action to stem the Chinese RMB's appreciation versus the euro and discussed intellectual property rights, trade imbalances and the need for "reciprocal" investment. End summary.

12. (U) French President Nicolas Sarkozy visited China November 25-27 and met Chinese President Hu Jintao, Premier Wen Jiabao and other Chinese officials, French DCM Nicolas Chapuis briefed Beijing-based diplomats on November 28. Sarkozy's party included the Ministers of Economics and Finance, Justice, Sports and Foreign Trade, as well as the State Minister of Environment and Sustainable Development. French Parliamentarians, a business delegation, and roughly 200 French participants in an investment forum for small and medium-sized business owners filled out a delegation of 500-600 people, making this the largest official visit to China in French history. After Beijing, the delegation made brief stops in Xi'an and Shanghai. Neither the French nor the Chinese Foreign Minister were present, as both were attending the Annapolis Conference on the Middle East.

Shared Vision, Successful Visit

13. (C) Chapuis said Sarkozy's visit was an opportunity to reiterate France and China's "shared vision" of the world's problems, as well as their joint view on the importance of multi-lateral organizations, including the UN Security Council. Because of this emphasis on a shared vision, Chapuis said, China "went beyond the usual arrangements" for a high-level visit. For example, President Hu met Sarkozy on the evening of his arrival in Beijing, before the official greetings in Tiananmen Square took place. Chapuis also noted

many Chinese newspapers' coverage of the visit led with a photograph of Sarkozy warmly kissing a Chinese student at Tsinghua University, a sign of the new "intimacy" between

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France and China.

Political Focus

¶4. (C) France and China signed or adopted 21 agreements during the visit, Chapuis said. Half of these agreements were intergovernmental, and half were private contracts worth a total of over 20 billion euros. The intergovernmental agreements included a joint declaration on climate change (which Chapuis claimed is the first such agreement signed by a Chinese President), a civil nuclear cooperation agreement that paves the way for French processing of Chinese nuclear waste and an investment agreement. Despite the high value of the commercial contracts signed, Chapuis said, Sarkozy nonetheless focused on political questions, including Iran, Darfur, Burma, human rights and China's "territorial integrity."

Iran/Darfur/Burma

¶5. (C) Chapuis said China's and France's views on Iran "converged on the nature of the problem." The two countries agreed on the need for a negotiated solution and the importance of increasing unity in the P5 plus 1, which both sides agree is the "right framework" for solving the problem of Iran's nuclear ambitions. Sarkozy thanked the Chinese government for its work on Darfur, noting the positive role China had played at the Paris Darfur conference. He said

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France fully expects China will continue to be a positive influence on the Darfur situation. President Hu assured Sarkozy China would continue to help on Darfur.

¶6. (C) Likewise, according to Chapuis, Sarkozy thanked China for its work on the crisis in Burma, saying China had created the conditions for restoring dialogue between the military government and Aung San Suu Kyi. Sarkozy told officials that France would like China's involvement in Burma to mirror its involvement in North Korea; i.e., China should use its influence to bring about true dialogue. France disagrees with China's assessment that the crisis in Burma is over and urged China to take further action on this matter. Chapuis reported that President Hu and other leaders were unwilling to commit to any specific actions.

Human Rights

¶7. (C) Chapuis said Sarkozy expressed hope for Chinese progress in three areas of human rights now, and "not in fifty years." Sarkozy asked for progress on the judiciary so as to make China a nation with the "rule of law." Second, Sarkozy, recognizing China's progress in reducing use of the death penalty, called for a moratorium. Third, he pushed for freedom of the press, both during the Olympics and beyond. French Minister of Justice Rachida Dati held unpublicized meetings with two human rights activists, Zeng Jingyan and Hu Jia, both of whom have been nominated for the European Parliament's Sakharov Prize. Neither Sarkozy nor Dati presented a list of specific human rights cases, but French Foreign Minister Kouchner presented such a list three weeks in advance of the President's visit.

Territorial Integrity: Taiwan and Tibet

¶8. (C) Chapuis said Sarkozy has long made both public and private statements that "any change in status quo in the

Taiwan Strait would be a mistake." However, during the visit he for the first time publicly stated France's opposition to a Taiwan referendum endorsing Taiwan's UN membership under the name Taiwan. Sarkozy reaffirmed Tibet's being a "part of China," but urged President Hu to consider dialogue with both the Tibetan people and the Dalai Lama. According to Chapuis, asked by a reporter if he would receive the Dalai Lama, Sarkozy said he would "do nothing to harm the territorial integrity" of China.

Environmental Issues

¶9. (C) Chapuis said Sarkozy "greatly stressed" environmental concerns during the visit. Presidents Sarkozy and Hu signed a negotiated joint statement on climate change, the first of its kind ever signed by a Chinese president, and Sarkozy gave a speech on climate change at Tsinghua University. Topics discussed included energy efficiency, protection of habitat, "cars of the future," renewable energy, clean-burning coal, carbon reduction, clean water and waste management. Both sides agreed to hold a Minister's dialogue on the environment.

Economic Issues

¶10. (C) Economic issues discussed during the visit include RMB appreciation versus the euro, IPR, product safety and trade imbalances, according to Chapuis. On RMB appreciation, Chinese Premier Wen blamed distorted exchange rates on the currently weak and fluctuating dollar. Wen reportedly said further that the currency problem is not a China issue, but global. Sarkozy agreed currency rates are a global issue, but said that China still must speed RMB revaluation. On IPR, Sarkozy noted that 80 percent of all French customs seizures of pirated goods originate in China. The problem is not academic or intellectual, but rather "concrete" in nature, Sarkozy said. France and China signed an agreement on product safety. President Hu told Sarkozy that 99 percent of Chinese exports are safe, and the current media hype over product safety is unjustified. On trade imbalances, Premier Wen said that the vast majority of Chinese exports are produced by foreign-owned companies. Wages and labor costs are paid to Chinese employees, but the true value added is being given to foreign firms, Hu claimed.

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Trade and Investment

¶11. (C) Chinese and French businesses signed over 20 billion euros of contracts during the visit, including an 8-billion-euro contract with Areva for two nuclear reactors and a 12-billion-euro contract with Airbus for 160 aircraft. Sarkozy discussed Chinese investment in France, which has been rising over the past several years. France has opened an investment bureau in Shanghai to identify and attract potential investors to France. Stressing a difference between "purely financial" investment and "industrial investment" that creates jobs, Sarkozy stated his desire for "reciprocity" and the creation of a "win-win" situation. In support of investment, Sarkozy committed to negotiating a new visa treaty with China similar to China's treaty with Britain.

Future Visits

¶12. (C) President Hu is slated to visit France in the first half of 2008. Sarkozy said he is planning two future trips to China. Premier Wen will lead the Chinese delegation to the EU-China Summit in France in 2008. Chapuis noted that with all of these visits in the planning stages, 2008 will be a "big year" for Sino-French relations.

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